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Sen. Allen urges governor to sign tax-cut legislation

LANSING – State Sen. Jason Allen, R-Traverse City, is urging the governor to sign a series of bills providing approximately \$600 million in tax relief to major job providers in Michigan.

“Michigan’s economy suffers from one of the most onerous business tax climates in the nation,” Allen said. “We cannot just wait for things to get better in Michigan, while the rest of the nation is moving forward. We are continually losing businesses and manufacturers to other states in the union. Ensuring that Michigan is tax-competitive with the other 50 states is an important step on the road to recovery.”

Specifically, the legislation headed to the governor will:

- Create a 15-percent refundable personal property tax credit to reduce a firm’s Single Business Tax liability, effective Jan. 1, 2006.
- Establish a 100-percent new investment credit which will be given for personal property taxes paid on property directly related to jobs transferred to Michigan in 2007 and 2008. Transferred jobs are high technology or manufacturing jobs that were located in a different state or country before being moved to this state in the immediately preceding tax year. The updated version of the legislation approved today makes it easier for Michigan’s Big Three automakers to take advantage of the credit.
- Change the sales tax apportionment factor from 90 percent to 92.5 percent for 2006-2007 and to 95 percent for 2008-2009. This will give a tax advantage to Michigan-based businesses who export goods as opposed to those who are based outside of Michigan but conduct business here.
- Maintain Delphi’s and Visteon’s current tax status, protecting them from a massive tax hike at the end of 2005.

“This package of bills reflects what the Senate, House and governor have been able to agree on – the need for immediate relief for the state’s major manufacturers,” said Senate Majority Leader Ken Sikkema, R-Wyoming. “We need a more competitive tax structure. We must entice businesses to come here and we must strengthen our borders against other states intent on stealing Michigan jobs.

“We have more work to do as we look for ways to encourage economic growth. But these bills are a solid step forward. I urge the governor to sign these bills and send a clear message to job providers that Michigan means business.”

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